

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

OMB-01 SS-20 NSC-10 NSCE-00 PA-04 PRS-01 USIA-15 L-03

SCEM-02 SCI-06 INT-08 DRC-01 /144 W

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FM USLO PEKING

TO SECSTATE WASHDC 1062

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 1497

E.O. 11652: GDS

TAGS: BEXP CH

SUBJ: US BUSINESS VISITORS IN PEKING

REF: PEKING 1492

1. AN UNUSUALLY LARGE NUMBER OF AMERICAN BUSINESSMEN HAVE BEEN IN PEKING THIS LAST WEEK. SOME THIRTY-FIVE AMERICANS (INCLUDING SOME DEPENDENTS) OF TEN DIFFERENT FIRMS AND ORGANIZATIONS CALLED AT USLO, AND THERE ARE PROBABLY OTHERS WHOM WE HAVEN'T YET SEEN. A FEW WERE INVITED TO PROCEED TO PEKING FROM THE CANTON FAIR; OTHERS HAD BEEN ASKED TO COME TO PEKING DIRECTLY. ALL ARE CONCERNED WITH POTENTIAL SALES TO THE PRC AND MOST NUMEROUS ARE FIRMS WHICH HOPE TO SELL EQUIPMENT FOR OIL OR PETROCHEMICAL DEVELOPMENT.

2. A BRIEF RUNDOWN OF THE FIRMS OR ORGANIZATIONS WHOSE REPRESENTATIVES WE HAVE SEEN ARE AS FOLLOWS:

A) COTTON COUNCIL INTERNATIONAL (REFTEL).

B) BAKER TRADING COMPANY. HEADED BY J. RAY PACE, PRESIDENT, THIS FIRM CONTINUED ITS DISCUSSIONS, WHICH
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BEGAN LAST SPRING, AT THE CANTON FAIR JUST ENDED AND ARE

NOW IN PEKING FOR FURTHER TALKS. IN RESPONSE TO CHINESE REQUEST, BAKER HAS PREPARED ABOUT 14 PROPOSALS, INVOLVING ABOUT 17 US COMPANIES, WHICH COVER THE SPECTRUM OF OIL EXPLORATION, DRILLING, PIPING, ETC. DISCUSSIONS IN PEKING ARE EXPECTED TO CONTINUE TO ABOUT DECEMBER 15, AND BAKER IS CONFIDENT OF CONCLUDING A NUMBER OF SMALL CONTRACTS WHICH IT HOPES WILL BE THE FORERUNNERS OF LARGER DEALS.

C) STEWART & STEVENSON. REPRESENTATIVES OF THIS FIRM ARE HERE WITH THOSE OF AN ASSOCIATED FIRM, RUCKER SHAFFER OF SINGAPORE (STATE 218781) AT THE INVITATION OF MACHIMPEX. THESE FIRMS SELL EQUIPMENT USED IN OFF-SHORE (INCLUDING DEEP WATER) AND ON-SHORE DRILLING.

D) VETCO OFFSHORE INDUSTRIES. REPRESENTED BY RICHARD LOUIE OF THE MAY LEE COMPANY. ACCORDING TO LOUIE, THE FIRM EXPECTS TO CONCLUDE A CONTRACT SHORTLY FOR THE SALE OF EQUIPMENT USED ON OFF-SHORE OIL RIGS. THE EXPECTED CONTRACT IS BETWEEN DOL\$100,000 AND DOL\$500,000, AND, SAYS LOUIE, THE EQUIPMENT IS NOT SUBJECT TO EXPORT LICENSE.

E) CALTEX. REPRESENTATIVES OF CALTEX, LED BY S.H. CHOW, DIRECTOR OF CALTEX IN HONG KONG, HAVE HAD BROAD TECHNICAL DISCUSSIONS WITH THE CHINESE COVERING PETROLEUM PROCESSING AND PETROCHEMICALS. THE DISCUSSIONS ARE EXPLORATORY AND THE CHINESE HAVE NOT ASKED CALTEX TO PREPARE SPECIFIC PROPOSALS, BUT THE CALTEX REPRESENTATIVES ARE LEAVING PLEASED WITH THE COURSE OF THEIR FIRST VISIT TO PEKING. THEY HAVE BEEN AT THE LAST TWO CANTON FAIRS.

F) GLEASON WORKS. A TEAM LED BY HOWARD CARVER, CHAIRMAN OF THE BOARD, IS TALKING TO MACHIMPEX ABOUT THE SALE OF MACHINERY TO MAKE BEVELLED GEARS. GLEASON HAS ALREADY SOLD SOME EQUIPMENT TO THE CHINESE AND IS HOPING FOR LARGER ORDERS, BUT DOES NOT YET KNOW WHAT THE CHINESE HAVE IN MIND OR FOR WHAT PURPOSES. THIS IS THE FIRST VISIT TO PEKING BY GLEASON REPRESENTATIVES.

G) WESTINGHOUSE. KEITH JOHNSON OF WESTINGHOUSE ELECTRIC, PHILADELPHIA, IS IN PEKING WITH WESTINGHOUSE'S CONFIDENTIAL

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CANADIAN SUBSIDIARY. HE RECENTLY PARTICIPATED IN TALKS WITH TECHIMPORT IN CANTON WITH A WESTINGHOUSE TEAM FROM THE US.

H) BEATRICE CHEMICAL. LOUIS STAHL, PRESIDENT OF BEATRICE CHEMICAL AND ITS DUTCH SUBSIDIARY, STAHL CHEMICAL INDUSTRIES, IS IN PEKING TO PARTICIPATE IN THE NETHERLANDS INDUSTRIAL EXHIBITION (STATE 219875). HE SPECIALIZES IN CHEMICALS RELATED TO TREATMENT OF LEATHER.

I) CATERPILLAR. A.J. MILLER, CATERPILLAR REPRESENTATIVE IN HONG KONG, IS TALKING TO MACHIMPEX TOGETHER WITH MITSUBISHI, WHICH REPRESENTS CATERPILLAR IN JAPAN. MILLER CONSIDERS THIS AN IMPORTANT INTRODUCTORY VISIT, WHICH HE HOPES WILL DEVELOP INTO A SOLID BUSINESS RELATIONSHIP AND WHICH HE HOPES WILL EVENTUALLY BE DIRECT WITH THE PRC RATHER THAN VIA MITSUBISHI.

J) MARTIN KLINGENBERG, A WASHINGTON ATTORNEY (WHO IS ALSO WITH BAKER TRADING COMPANY) HELD DISCUSSIONS WITH CCPIT ON HIS OWN BEHALF ON THE SUBJECTS OF TRADE MARKS, PACKAGING, LABELING AND ARBITRATION PROCEEDINGS. HE IS OPTIMISTIC ON THE POSSIBILITY OF A CONTRACT WITH THE PRC MAKING HIM THEIR REPRESENTATIVE IN THE UNITED STATES ON THESE VARIOUS MATTERS AND IS PREPARING A SPECIFIC PROPOSAL FOR SUBMISSION TO CCPIT.

K) SMITH INTERNATIONAL, INC. THIS FIRM, WHICH IS INVOLVED IN PETROLEUM, MINING, CONSTRUCTION AND TENNELING, WAS REPRESENTED AT THE CANTON FAIR BY CALIFORNIA LAWYER HARNED HOOSE AND, TOWARD THE CLOSE OF THE FAIR, BY TWO EXECUTIVES FROM THE COMPANY'S HOME OFFICE IN LOS ANGELES. THE THREE DID NOT COME TO PEKING AFTER THE FAIR, BUT REMAINED IN CANTON FOR DISCUSSIONS WITH TECHIMPORT FOR A WEEK FOLLOWING THE CLOSING OF THE FAIR.

3. ITEMS B, D, I, J AND K ABOVE ARE COMMERCIALLY SENSITIVE AND SHOULD NOT BE DISCUSSED OUTSIDE USG.
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